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Territorial cooperation  
and regional economic  
development: a case  
study



## **Territorial cooperation and regional economic development: a case study**

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### **Abstract**

Cooperation may be defined as the collaboration between two or more parties which fuels initiatives that have shared, or converging interests and objectives. In the European Union territorial cohesion has recently been included in the draft of the European Constitution and is complementary to the EU drive towards economic and social cohesion. This adds a new dimension to European integration which clearly recognises that considering things from a territorial dimension is a tool for reducing the territorial disparity currently present in the EU. In fact, well before its enlargement, significant disparities in prosperity levels existed both between and within member states: prosperity levels in the ten most dynamic regions of the EU, based on GDP per capita, were nearly three times higher than that of the ten least developed regions and regional differences have widened with enlargement. In this context, the territorial cooperation objective aims to: improve cross-border cooperation through joint, local and regional initiatives; strengthen trans-national cooperation by means of actions conducive to integrated territorial development linked to Community priorities as well as to strengthen interregional cooperation and the exchange of experience at the appropriate territorial level. Three different typologies of territorial cooperation have been identified with the European territory: cross-border cooperation, trans-national cooperation and Interregional cooperation. The paper focuses on the territorial cooperation objective and presents a case study with large and strong economic, social and environmental disparities. It includes EU members and non EU members. More specifically, the IPA (Instrument for Pre-Accession Assistance) Adriatic Cross Border Cooperation (CBC) Program, which includes three EU Member States, one Candidate Country, and three Potential Candidates Countries.

### **Keywords**

Cooperation, Regional disparities, European external instruments

### **JEL Codes**

O2, P4, R1

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## **Introduction**

Cooperation is the act of working together. Cooperation does not necessarily mean that the interested parties should be peers or should have the same degree of involvement: it also comprises help or support offered by one subject to another.

Cooperation takes on many different forms, settings and contexts. The economic, military, scientific and judicial sectors are some of the most significant areas where cooperation is often required.

When the term cooperation is applied to economics, it means cooperation between states. Increasing international integration calls for strong political, economic and military interdependence between nations. It leads to the need to tackle important issues jointly and to establish privileged relationships among and between both industrialised and developing nations (Guerrieri, Padoan, 1988).

If, instead, we consider cooperation in the context of international relations, it may be defined as the collaboration between two or more parties which fuels initiatives that have shared, or converging interests and objectives. It need only concern one isolated issue, operational field or sectoral activity. It may have a time limit or may even be reversed (Lavergne, 1997). In this context, cooperation tends to have a more limited interpretation and usually only concerns agreements between developed and underdeveloped nations. A distinguishing feature is the disparity in the level of socio-economic development of the parties involved.

In the European Union, cooperation for development is flanked by the growing need for territorial cooperation. The latter stems from the willingness of local authorities to find solutions to common problems shared with bordering areas. In this case, common problems and the need to find common solutions puts the parties on an equal plane, and any differences that may exist between the players are based on historical, cultural and social characteristics rather than on the degree of development.

Territorial cooperation is first and foremost a legal instrument. International law declares it to be an appropriate context within which relations between border areas can be managed - and more. The legal aspect of territorial cooperation requires the local authorities to have a clear picture of the situation, the means and the organisational structures available, well before they embark on initiatives concerning territorial cooperation.

Territorial cohesion has recently been included in the draft of the European Constitution and is complementary to the EU drive towards economic and social cohesion. This adds a new dimension to European integration which clearly recognises that considering things from a territorial dimension, is a tool for reducing the territorial disparity currently present in the EU.

## **1. The EU Cohesion Policy and Regional disparities**

Well before its enlargement, significant disparities in prosperity levels existed both between and within member states: prosperity levels in the ten most dynamic regions of the EU, based on GDP per capita, were nearly three times higher than that of the ten least developed regions (Magrini, 1999).

Economic disparities did not decline in 2005. In terms of purchasing power standards<sup>1</sup>, GDP per inhabitants ranged from 303 in the United Kingdom's Inner London area - based on the EU27 average- to 24 in North-East Romania (12.6 lower than Inner London).

**Table 1 Regional GDP per inhabitants in the EU27 in 2005 (in PPS, EU27=100)**

The ten highest	GDP	The ten lowest	GDP
Inner London (UK)	303	NorthEast (RO)	24
Luxembourg (LU)	264	Severozapaden (BG)	27
Brussels-Cap. / Brussels Hfdst. (BE)	241	Yuzhen tsentralen (BG)	27
Hamburg (DE)	202	Severen tsentralen (BG)	28
Vienna (AT)	178	South West Oltenia (RO)	28
Ile de France (FR)	173	South-Muntenia (RO)	29
Stockholm (SE)	172	Severoiztochen (BG)	31
Berkshire, Buckinghamshire & Oxfordshire(UK)	168	South East (RO)	31
Oberbayern (DE)	166	Yugoiztochen (BG)	33
Groningen (NL)	164	North West (RO)	34

*Source: Eurostat*

Regional differences have widened with enlargement. Inequalities have various causes. They may result from longstanding handicaps imposed by geographic remoteness; the decline of traditional industries; the lack of innovative capacity or by more recent social and economic change. All of these, whether individually or in combination, tend towards a progressive worsening in economic performance. In the case of the new member states, part of the handicap results from the legacy of their former centrally-planned economic systems. The impact of these disadvantages is frequently evident in social deprivation, poor quality schools, higher unemployment and inadequate infrastructures. In the new Member States, growth is limited to a few regions, especially the capital cities and their surrounding areas. As a consequence, European regional disparities have increased significantly. Despite the fact that the new Member States have grown more than the Eu15 since the mid Nineties, the disparity in GDP per inhabitant remains pronounced.

Even if the cohesion policy dates back to when the Communities were created, the European Union's regional development policy has been up and running since 1975<sup>2</sup>, transferring funds from the richer member states to poorer countries and regions via the EU's so-called structural funds. The aim was, and is, to promote growth-enhancing conditions for the overall EU economy. This is Cohesion Policy. The main objective of Cohesion Policy is to diminish the gap between different regions or, to be more precise, to reduce the gap between less-favoured regions and affluent ones.

The reformed Cohesion Policy for the 2007-2013 programming period strengthens the former principles. It aims to promote the harmonious,

<sup>1</sup> It is the measure of the degree of regional economic development, excluding the income ultimately available to private households.

<sup>2</sup> The European Regional Development Fund (ERDF) was set up in 1975.

balanced and sustainable development of the Community and to respond to the challenges linked to economic (especially economic restructuring), social (mainly the ageing of the population) and territorial inequalities. It focuses on a limited number of priorities which reflect the Lisbon (growth, competitiveness and employment) and Göteborg (environment) agendas.

The European Fund for Regional Development (EFRD), the European Social Fund (ESF) and the Cohesion Fund contribute towards satisfying three objectives set up in the following Council Regulation (EC) No 1083/2006<sup>3</sup>: Convergence, Regional Competitiveness and Employment and European Territorial Cooperation.

The rationale behind the Convergence objective is to promote growth-enhancing conditions and factors leading to the real convergence of the least-developed Member States and regions through improved conditions for growth and employment by: increasing and raising the quality of investment in physical and human capital; developing both the innovation and the knowledge society; adapting to economic and social changes; protecting and improving the environment, and increasing administrative efficiency.

Outside the Convergence region, Regional Competitiveness and Employment aims to strengthen the regions' competitiveness, pull factor and local employment by anticipating economic and social changes. This includes those linked to the opening of trade with a view to increasing and improving the quality of investment in human capital, the innovation and the promotion of the knowledge society, entrepreneurship, the protection and enhancement of the environment, and the improvement of accessibility and adaptability of workers and businesses as well as the development of inclusive job markets.

The Territorial Cooperation objective<sup>4</sup> aims to: improve cross-border cooperation through joint, local and regional initiatives; strengthen trans-national cooperation by means of actions conducive to integrated territorial development linked to Community priorities as well as to strengthen interregional cooperation and the exchange of experience at the appropriate territorial level. Three different typologies of territorial cooperation have been identified with the European territory:

- Cross-border cooperation which involves the NUTS level 3 regions of the Community along all internal and certain external land borders and all NUTS level 3 regions of the Community along maritime borders separated, as a general rule, by a maximum distance of 150 kilometres and focuses on the development of cross-border economic, social and environmental activities through joint strategies for sustainable territorial development<sup>5</sup>;

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<sup>3</sup> *Laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No 1260/1999*

<sup>4</sup> Based on previous experience gained from the Community Initiative INTERREG

<sup>5</sup> And primarily: by encouraging entrepreneurship, in particular the development of SMEs, tourism, culture, and cross-border trade; by encouraging and improving the joint protection and management of natural and cultural resources, as well as the prevention of natural and technological risks; by supporting links between urban and rural areas; by reducing isolation through improved access to transport, information and communication networks and services, and cross-border water, waste and energy systems and facilities; by developing collaboration, capacity and joint use of infrastructures, in particular in sectors such as health, culture, tourism and education.

- Trans-national cooperation, through the financing of networks and of actions conducive to integrated territorial development<sup>6</sup>;
- Interregional cooperation, which can interest the European territory as a whole<sup>7</sup>.

This paper focuses on the Territorial Cooperation objective, and presents a case study which includes EU members and non EU members. More specifically, the IPA (Instrument for Pre-Accession Assistance) Adriatic Cross Border Cooperation (CBC) Program, which includes three EU Member States (Italy<sup>8</sup>, Slovenia<sup>9</sup> and Greece<sup>10</sup>), one Candidate Country – CC – (Croatia<sup>11</sup>) and three Potential Candidates Countries – PCC – (Bosnia and Herzegovina<sup>12</sup>, Montenegro<sup>13</sup> and Albania<sup>14</sup>). Serbia<sup>15</sup> also participates as a phasing out area.

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<sup>6</sup> Concentrating primarily on the following priority areas:

- Innovation;
- Environment;
- Accessibility;
- Sustainable urban development.

<sup>7</sup>Focusing on innovation and the knowledge economy, and environment and risk prevention, exchanges of experience concerning the identification, transfer and dissemination of best practice including on sustainable urban development and actions involving studies, data collection, and the observation and analysis of development trends in the Community. All the European territory is eligible.

<sup>8</sup> Provinces of Pescara, Teramo, Chieti, Ferrara, Forlì-Cesena, Rimini, Ravenna, Trieste, Gorizia, Udine, Pesaro-Urbino, Ancona, Macerata, Ascoli Piceno, Campobasso, Foggia, Bari, Brindisi, Lecce, Venezia, Rovigo, Padova; territorial derogation applies to the Provinces of L'Aquila, Pordenone, Isernia and Taranto.

<sup>9</sup> Obalno-kraška region; territorial derogation: Notranjsko-kraška and Goriška.

<sup>10</sup> Kerkyra and Thesprotia.

<sup>11</sup> Dubrovnik-Neretva, Istria; Lika-Senj; Primorje-Gorski kotar; Šibenik-Knin; Split-Dalmatia and Zadar; territorial derogation: County of Karlovac; territorial derogation: Sarajevo Economic Region, North-West Economic Region, and Central BiH Economic Region.

<sup>12</sup> Bileća, Čapljina, Čitluk, Gacko, Grude, Jablanica, Konjic, Kupres, Livno, Ljubinje, Ljubuski, Mostar, Neum, Nevesinje, Posusje, Prozor/Rama, Ravno, Siroki Brijeg, Stolac, Berkovići, Tomislavgrad, Trebinje and Istočni Mostar; territorial derogation: Municipalities of Pljevlja, Bijelo Polje, Berane, Rožaje, Plav, Andrijevica, Kolašin, Mojkovac, Savnik, Žabljak and Plužine.

<sup>13</sup> Bar, Budva, Cetinje, Danilovgrad, Herceg Novi, Kotor, Nikšić, Podgorica, Tivat, Ulcinj.

<sup>14</sup> Fier, Durrës, Lezhë, Shkodër, Tiranë, Vlorë.

<sup>15</sup> Whole territory.

**Figure 1 Programme area**



*Source: Our elaboration on data from IPA Adriatic CBC Operative Programme*

## **2. Socioeconomic profile of the Adriatic Area**

Cooperation in the Adriatic area is crucial for the political stability of the area and is the result of the geographic and cultural proximity which make the intensification of multilateral relationships among Adriatic coastal regions possible.

The relationship between the countries involved in the Adriatic area began many years ago. Since the 1960s, the countries have been cooperating in order to solve similar problems.

In the 1990s the EU created the INTERREG I cooperation Programme with a view to promoting economic development and facilitating integration.

Over the 1994-1999 programming period, an assistance Programme was carried out with INTERREG II, involving the cross-border territories of some countries (Zolin, 2002).

The period 2000-2006 was characterized by different cooperation programmes in the Adriatic area and/or between the participating countries of the IPA Adriatic CBC Programme. One of the most important cooperation initiatives was represented by the INTERREG IIIA programmes. INTERREG IIIA Adriatic New Neighborhood Programme (ANNP) was the biggest cooperation programme involving the Adriatic Area and, with the approval of the CARDS (Community Assistance for Reconstruction, Development and Stabilisation) Regulation, became the main financial and reference instrument for cross-border co-operation between countries in the Adriatic region.

Finally, the 2007-2013 programming period, the Cross-Border Cooperation along the borders between Member States and candidate/potential candidate countries (and thus the Adriatic CBC Programme) is supported by the IPA.

The surface analyzed is equal to 204,084 km<sup>2</sup> and has a population of 22,572 million<sup>16</sup>; in terms of population and surface, the Italian NUTS III areas are very significant.

The average population density of the Programme area is 110.6 inhabitants/km<sup>2</sup> with strong variations in the different participating countries. In terms of demographic trends, an overall population growth has been observed, with most of the areas growing (with the exception of the Croatian and Serbian counties where the population declined between 1991 and 2001), albeit by significantly different degrees. In Italy population remains stable because of positive migration flows<sup>17</sup>.

The Adriatic Region, i.e. the uniform area of the states bordering the Adriatic Sea<sup>18</sup>, is socially and economically diversified, mainly between the different states, but also within various national territories. More of the eastern Adriatic countries are going through a difficult transition to a self-sustainable economy with the aim of reducing the dependence on international aid. On the other side, some Adriatic regions have experienced economic stagnation since 2001 as the result of a difficult international situation and weak domestic demand. By using GDP we can distinguish different classes of economic capacity, showing wide disparities: the Italian provinces and the Greek prefectures with respective pro-capita GDP of 19,700 and 16,100 euros, followed by Obalno-kraška with a pro-capita GDP of 11,700 euros, the Croatian counties and Montenegrin municipalities, 5,600 and 3,000 euros respectively, and, finally, Serbia, Bosnia and Herzegovina and Albania with a pro-capita GDP of between 2,000 and 2,900 euros.

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<sup>16</sup> Including Serbia.

<sup>17</sup> One of the main problem in the Adriatic area is the migration, that requires attention in order to find effective tools of cooperation aiming at supporting cohesion, stable relations with neighbouring countries and policies for the development of local economies. The case of Albania is extremely important. Albanian emigration was one of the most dramatic demographic phenomena in Europe in the last decade of the 20<sup>th</sup> century.

<sup>18</sup> The territories involved have access to the Adriatic Sea and the depth of penetration inland depends on administrative borders which frequently coincide with morphological structures.



**Table 2 Programme Area: some socio economic indicators**

Indicators	Programme Area
Surface (kmq)	204,084
Population (n/1,000)	22,573
Population density	110.6
Employment rate*	45.5
Export (million €)	77,687
Import (million €)	100,551
Balance of trade	-22,863
GDP (million €)*	35,242
GDP (€ per capita)*	8,865
Tourism:	
Arrivals (n/1,000)	32,192
Nights (n/1,000)	165,137
Average stay	5.1

\* Average value

*Source: Our elaboration based on National Statistic Institutes*

Despite the major difficulties and uncertainties in the overall economic context, the CC and PCC have showed substantial growth over the past years. In these areas GDP growth is significantly sustained by emigrant remittances from abroad, which have maintained net transfers into CC/PCC.

The average rate of employment is equal to 45.5%, with large disparities (25.9% in Bosnia and 61.1% in Slovenia) and with a higher concentration of employment in both service and industrial sectors. Agriculture is relatively low when compared to the single national average (max: Albania, 58.4%; min: Serbia and Montenegro, 4%).

Because of the current significant structural issues that make the productive system even less competitive, the foreign trade exchanges of CC and PCC show a trade balance deficit. Nevertheless, some countries, such as Albania, Bosnia and Herzegovina and Croatia, recorded an increase in export after the opening of foreign markets.

Principal CC and PCC exports include textiles, footwear, leather and leather goods, raw materials and semi-finished products, woodworking and furniture products, chemical products, industrial machinery, electrical and metal machines and tools, shipbuilding, building machinery, foodstuffs, beverages and tobacco, frequently exported after having been processed on behalf of third parties.

Imports include a wide range of products, in particular oil and petrochemical products, machinery, means of transport and parts, chemical and pharmaceutical product, foodstuffs, footwear and clothing, textiles, electrical tools, telecommunication products, IT products, building materials, pharmaceutical and cosmetic products, plastic materials, wood furniture.

The eastern Adriatic areas offer an extraordinary wealth of natural and cultural diversity and consequently a wealth of possibilities (beach tourism, environmental development). But, while tourism has traditionally been one of the most active and developed sectors of the economy in the Italian Adriatic regions, it remains to date a marginal activity in those of the east Adriatic, with the exception of Greece, Slovenia and Croatia. Croatian destinations are of

primary importance in tourist flows towards the CC/PCC Programme area which receives almost 50% of all foreign visitors to the area. Foreign tourists, mostly Germans (20%) and Italians (15.6%), represent more than 80% of the total visitors to Croatia.

Currently, there is already a high exchange of people, goods, capital, knowledge and technologies between the two coasts of the Adriatic. It is based on deep-rooted relationships and the reasonable quality and organisation of both infrastructure and transport.

At present, 62% of the exchange of goods between Italy and the eastern Adriatic countries is by sea, 32% by road and 6% by rail. From 1999 to 2003, total exchange increased by about 30% and road transport increased by 75%. With regard to maritime transport, the volume of freight trans-shipment increases significantly every year in the Port of Koper, which is an important entry-exit point situated between the motorways of the Adriatic & Ionian seas and the transport routes of the intermodal corridor V within the TEN-T network.

In the south, exchange is almost completely by sea (about 93%) with the remainder share by road. It must be pointed out that, for this part of the Adriatic Sea, traffic links with Serbia and Montenegro are mainly via Greek harbours and then by land, since the harbours on the eastern bank are not particularly easy to exploit.

Within the CC/PCC, Croatia has better accessibility and a more significantly developed infrastructure.

It is worth noting that projects in the Corridor VIII<sup>19</sup> Programme play a primary role in strengthening accessibility to the whole area, as a strategic option for economic and social stabilisation in CC and PCC and for strengthening relations between Italy and eastern countries.

The innovative capacity of the economic system and the tendency to invest in Research and Development (R&D) in the Programme area is made, as far as possible, with reference to the indicators in thematic areas defined by the European Commission (European Innovation Scoreboard - EIS) which show the levels of innovation and expenditure on research and development.

Considering the year 2003, the number of Italian provinces which produced and used innovation for productive purposes was generally lower than the national average. This delayed position is even more important when we consider that Italy, as a whole, is still at a disadvantage compared to the European average<sup>20</sup>.

The information gathered regarding the CC/PCC is not totally homogeneous with the European Innovation Scoreboard regional indicators which makes a comparison with the other countries impossible. On the other hand, the data presented by the sources used are incomplete and makes defining a framework for the eastern Adriatic countries difficult. The data few available do, however, highlight the position of Croatia. It appears to be better equipped, uses more

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<sup>19</sup> Pan-European Corridor VIII is the energy and infrastructure axis connecting the Adriatic with the Black Sea through Italy, Albania, FYR Macedonia and Bulgaria, linking Greece and Turkey. The main layout of the road infrastructures is of 960 km, 1270 km of rail network, new harbour and airport works, pipelines.

<sup>20</sup> Mainly because of unsuitable training and use of human resources, low private sector spending on research and development, the low number of patents submitted to the EPO (European Patent Office) in high-tech sectors, the limited number of innovative SMEs and the low investment in start-up capital.

Internet access, and in terms of GDP it makes bigger investments in human resources and has more centres for research and technology.

**Table 3 Regional socio economic indicators**

	Albania	Bosnia and Herzegovina	Croatia	Montenegro	Greece	Slovenia	Italy	Serbia
Surface (kmq)	12,197	14,480	24,732	6,508	2,095	1,044	54,667	88,361
Population (n/1,000)	2,013	470.4	1,427.1	425.3	162.8	105.3	10,470.5	7,498.0
Population density	165.1	32.5	57.7	65.3	77.7	100.9	191.5	84.9
Employment rate	45.6	25.9	44.1	43.3	46.9	61.1	56.3	40.7
Employment per activity sectors (%):								
Agriculture	58.5	n.d.	4.9	4.0	16.4	5.3	5.3	4.0
Industry	13.5	n.d.	26.1	22.3	10.5	25.8	32.4	44.0
Services	18.2	n.d.	69.0	69.7	73.1	68.9	62.3	52.0
Export (million €)	479	1,920	3,018	461	14,049	14,397	43,364	n.d.
Import (million €)	1,823	5,670	4,539	682	44,047	15,805	27,985	n.d.
Balance of trade	1,344,0	3,750,0	-1,521,0	-221,0	-29,998,0	-1,408,0	15,379,0	n.d.
GDP million euro	5,915	n.d.	8,071	1,290	2,625	1,237	206,449	21,107
GDP per capita	2,938	n.d.	5,655	3,033	16,126	11,745	19,717	2,836
Tourism:								
Arrivals (n/1.000)	182.0	273.9	8,978.5	791.1	281.7	152.3	19,526.1	2,006.5
Nights (n/1.000)	588.0	596.7	49,452.2	5,121.3	1,867.5	429.2	100,489.8	6,592.6
Average stay	3.2	2.2	5.5	6.5	6.6	2.8	5.1	3.3

*Source: Our elaboration based on National Statistic Institutes<sup>21</sup>.*

The Adriatic area is rich in natural resources. There are numerous areas of high natural and environmental value and the territory has a rich cultural heritage with many UNESCO recognised sites.

<sup>21</sup> For data related to surface and population, the years considered are: 2005 for Albania, Greece, Slovenia and Serbia; 2004 for Italy, 2003 for Montenegro and 2001 for Bosnia Herzegovina and Croatia. For data related to employment: 2005 for Albania, Greece, Slovenia, Italy and Serbia; 2003 for Montenegro and 2001 for Bosnia Herzegovina and Croatia. For GDP: 2206 for Serbia, 2005 for Bosnia Herzegovina; 2004 for Albania, Slovenia and Italy; 2003 for Montenegro and Croatia.

The landscape and environmental differences between the two coasts of the Adriatic basin are important because of their geomorphological characteristics, the high pressure of urban development and their demographic differences.

The Italian coast is affected by a high level of urbanisation. Excessive pressure of productive use, localised demand and the consequent transformations of coastal habitats have caused widespread congestion and a constant reduction in the natural environment. There are, nonetheless, excellent environmental sites such as national and regional protected areas both in the north and the south of the country. The east Adriatic presents a continuity of landscape and environmental heritage, which is, however, now increasingly threatened by the development processes and progress in CC/PCC. A lack of sewage and waste disposal systems and constant atmospheric emissions of polluting substances, as a result of transport and industrial processes and, in particular, combustible fuels for energy production are frequently detected in these countries.

The States involved in the Programme Area share a vital resource which is the Adriatic Sea: it is the expanse of water between the systems of the Apennine Mountains and the Dinaric Alps and lengthways stretches to a maximum of about 800 km. It has a mean breadth of about 150 km<sup>2</sup>. For a number of years the Adriatic has been one of the Italian seas that has suffered most from eutrophication.

**Table 4 Regional Environmental Indicators**

	Italy	Greece	Slovenia	Albania	Bosnia and Herzegovina	Croatia	Serbia and Montenegro	Total Programme*
Surface covered by wood (%) (1) 2000	34.0	27.9	55.0	36.2	44.6	31.9	n.d.	38.3
Cultivated surface per capita (Ha) (2) 2000	0.2	0.3	0.2	0.2	0.2	0.3	0.4	0.3
Protected areas (Ha) (3) 1997	2,274.8	34,000	108,087	34,000	25,059	385,344	346,966	3,208,281
Protected areas (%) (3) 1997	7.6	1.7	5.3	1.2	0.5	6.8	3.4	3.8
Total energy consumption (Kton equivalent) (4) 1997	163,315	25,556	6,380	1,048	1,750	7,650	15,842	221,541
Energy consumption per capita (Kwh per capita) (1;5) 1999, 2001	4,731.8	4,086.3	5,290.1	1,073.4	1,473.5	2,695.4	3,998.0	3,335.5
Energy consumption by Industry (%) (4) 1997	32.7	24.6	28.4	13.5	7.8	33.4	33.8	24.9

Energy consumption by Transport (%) (4) 1997	32.4	38.3	33.7	41.2	48.3	24.3	12.2	32.9
Energy consumption for residential uses (%) (4) 1997	25.4	22.9	23.0	31.1	20.8	27.8	16.2	23.9
Renewable Energy Consumption (4) 1997	5.0	6.0	8.0	50.0	16.0	10.0	8.0	14.7
CO2 Emissions (thousands of Metric Tons) (6) 2003	446,302	96,402	15,432	3,045	19,161	23,841	50,023	654,206
CO2 Emissions per capita (Metric Tons) (6) 2003	7.7	8.7	7.8	1.0	4.9	5.3	4.8	5.7
Renewable Water Resources (Km3/year) (7) 2000	182.5	58.0	18.7	26.9	35.5	37.7	44.0	57.6
Organic compounds emissions in water (kg/day) (1) 1998	359,578	58,134	38,187	5,844	8,903	48,447	119,790	91,269

\*Average value

Sources: (1): World Bank; (2): FAOSTAT; (3): UNEP; (4): World Resources Institute; (5): International Energy Agency; (6): Millennium Development Goals Indicators; (7): AQUASTAT

Generally, the Adriatic Sea represents an extraordinary, yet extremely delicate environmental ecosystem, an enormous “enclosed sea” where accidents involving the dumping of pollutants would cause a critical scenario and where an intensification of sea traffic is unthinkable.

Today, the northern and central areas of the Adriatic are grappling with an environmental situation that requires particular attention and interventions that will protect this high quality territory and its marine resources.

In the past, the exploitation of territorial resources, particularly in these Regions has been intense and too often lacking in rationality.

Current tendencies suggest, above all, that the potential impact of tourism on the environment must be taken into consideration if the areas that are still free from urbanization and sealing are to be protected. The tourist industry is in fact expanding rapidly, even if the different countries and regions are going through different stages in their growth.

### 3. The European external relation instrument

As far as enlargement is concerned, EU financial support for regional development projects in the new Member States, started well before they joined the Union with a series of pre-accession programmes.

The entry of 12, relatively poor, new members means that the priority focus in the coming period will be on them and regions of the other EU states that have special needs. On present estimates, the 12 newcomers will receive 51% of total regional spending between 2007 and 2013, although they represent less than one quarter of the total population.

The EU provides focused pre-accession financial aid to candidate countries<sup>22</sup> and to potential candidate countries<sup>23</sup>.

Since 2007, EU pre-accession funding is channelled through a single, unified instrument designed to deliver focused support to both candidate and potential candidate countries. The legal basis for this assistance is Council Regulation 1085/2006, adopted on 17 July 2006.

In order to achieve each country's objectives as efficiently as possible, the Instrument for Pre-accession Assistance (IPA) comprises the following five components:

1. Transition Assistance and Institution Building;
2. Cross-Border Co-operation (with EU Member States and other countries eligible for IPA);
3. Regional Development (transport, environment and economic development);
4. Human Resources Development (strengthening human capital and combating exclusion);
5. Rural Development.

The second component, in particular, supports cross-border cooperation between candidate/potential candidate countries and between them and the EU countries. It may also fund participation of beneficiary countries in Structural Funds trans-national co-operation programmes and Sea Basins programmes under the European Neighbourhood and Partnership Instrument (ENPI), accordingly. DG Enlargement and the Commission's Directorate-General for Regional Development are jointly responsible for implementing the second component.

#### ***3.1 The IPA Adriatic Cross Border Cooperation Programme.***

The IPA Adriatic Cross-border Cooperation Programme is the result of joint programming work carried out by the relevant participating countries and is part of the cooperation process in the Adriatic area. It will operate on both sides of the border on the basis of one set of rules and the programme will be managed through joint management structures.

The global objective of the Programme is the “strengthening of the sustainable development capabilities of the Adriatic region through a concerted strategy of action between the partners of the eligible territories”. This goal can be reached by means of three general objectives and priorities. First of all, the

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<sup>22</sup> Currently: Croatia, Turkey and the former Yugoslav Republic of Macedonia.

<sup>23</sup> Albania, Bosnia and Herzegovina, Montenegro, Serbia including Kosovo as defined under UNSCR 1244 (NATO Resolution n. 1244).

Programme focuses on Economic, Social and Institutional Cooperation (Priority 1), intended to develop research and innovation capacity and the creation and application of knowledge. The improvement of the environmental, natural and cultural resources of the Programme area refers to the second priority identified. While the third priority focuses on strengthening and integrating existing infrastructure networks, promoting and developing transport, information and communication services.

According to the IPA implementing regulation, the table 5 presents financial allocations of the Programme.

**Table 5 Financial provisions**

<b>Priority</b>	<b>Fund (2007- 2009) (€/1,000)</b>	<b>%</b>	<b>Fund/population (€/1,000)</b>	<b>Fund/surface (€/1,000)</b>
Economic, Social and Institutional Cooperation	31,934	30	1,4	156,5
Natural and Cultural Resources and Risk Prevention	31,934	30	1,4	156,5
Accessibility and Networks	31,934	30	1,4	156,5
Technical Assistance	10,645	10	0,5	52,2
<b>Total</b>	<b>106,448</b>	<b>100</b>	<b>4,7</b>	<b>521,6</b>

*Source: Our elaboration based on the IPA Adriatic Cross Border Cooperation Programme*

If we compare the financial resources to the population and the surface involved, we can highlight that the objectives are too ambitious. Population will receive about 460 € per year, surface 52.000 €. Strategic approaches are missing: the financial resources are allocated in equal portions among the objectives and priorities.

### **Concluding remarks**

The Adriatic area presents sizeable differences linked to socio-economics (GDP, production structures, communications systems, degree of accessibility etc.) and environmental issues (geomorphological characteristics, as well as the extent of pressure on existing resources). The administrative systems in the countries concerned are also quite different.

Although the divergence represents an important obstacle for cooperation, it is contemporarily a resource which can be tapped into and which stimulates reciprocal awareness and an exchange of experience. This is perhaps the main area in which the IPA Adriatic Cross Border Cooperation Programme can intervene. A cooperation programme between Adriatic nations is not just an opportunity to file down the diversity between them (given the nature of the programme and the amount of funding available, it is unlikely that direct

intervention will take place or that a solution will be found quickly) but a new way of managing common criticality/potential by seeing diversity as a strength to be exploited and a basis for exchanging and sharing experiences. With this in mind,

a new equilibrium can be found for economic, social and environmental issues. The programme may prove particularly effective as far as the social and environmental issues of the Adriatic area are concerned. Efficient management and safeguarding of the environment will only be possible when the diverse administrative obstacles present in the area have been removed – diversities which frequently fragment homogeneous areas that share similar environmental problems and potential, such as the Adriatic Sea. They are detrimental to the exchange of knowledge and experiences and belie the opportunity to understand, compare and evaluate other cultures – aspects which are vital if the territory is to be both defended and strengthened. Environmental issues should, in fact, be considered on a much larger scale and in a much wider context which allows for collaboration between the authorities and private organisations of neighbouring or nearby states and which will guarantee lasting results, especially regarding issues such as air and water pollution and the prevention of natural calamities.

Nevertheless, in our opinion, the available financial resources appears not sufficient to tackle the specific different territorial disparities of the Programme area. So far, the projects could be dispelled, fragmented and scarcely effective.



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